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SUBJECT: TOP BULGARIAN MONEY LAUNDERER SHOT DEAD IN SOFIA

1. (SBU) SUMMARY: Controversial banker Emil Kyulev, owner of Bulgaria's biggest financial group DZI, was shot dead in central Sofia October 26. The killing of Kyulev is the latest in a series of apparent organized crime-related assassinations in recent months. It comes only a day after the European Union released its monitoring report sharply criticizing Bulgaria for its failure to fight organized crime. Kyulev was a former partner of Russian-born Michael Chorny, who was banned from Bulgaria as a threat to national security. Reportedly the third richest person in Bulgaria, Kyulev was also known for his high-profile political connections, including his role as a former advisor to President Georgi Purvanov and a major campaign contributor to former Prime Minister Simeon Saxe-Coburg. END SUMMARY

2. (U) Kyulev was shot dead at about 9:15 a.m. while in his car en route to downtown Sofia. Early reports claim the assailant, who was hidden in the nearby bushes, fired at least ten bullets. Kyulev's driver, who was also shot several times, was rushed to the emergency hospital.

3. (SBU) Kyulev, 48, graduated from the Police Academy and started his career at the Ministry of Interior. In 1988, he used his security-service connections and access to capital to set up one of Bulgaria's first private consultancy companies, which offered administrative and legal services in the real estate market. A year later he parlayed these contacts into the establishment of Tourist Bank, later renamed Touristsport Bank and then Commercial and Savings Bank. In 1994 Kyulev left the bank, which subsequently went bankrupt, and set up Roseximbank jointly with the "controversial Russian businessman" Michael Chorny. Roseximbank received a sweetheart deal that allowed it to handle all payments of the Bulgarian Tax Directorate and the Customs Agency, as well as the operations of the biggest taxpayers in the country. In 2002, Kyulev bought the state-owned DZI, Bulgaria's biggest insurance company, and changed Roseximbank's name to DZI Bank, thus forming the country's largest financial group. DZI currently controls more than 350 companies in various industries. In the process, Kyulev managed to change his image in the eyes of most Bulgarians from that of an inside trader and suspected money-launderer to that of a legitimate businessman.

4. (SBU) Kyulev was a founder of Vazrajane Business Club along with Multigroup boss Iliya Pavlov (shot dead in 2003) and Vasil "The Skull" Bozhkov. In an effort to distance himself from the Club's notorious members, Kyulev left the organization in 2002. He recently hired a U.S. lobbyist to help him further clean up his image. He also set up a foundation to combat human trafficking which he was suspected of using to launder money as well as to gain credibility and legitimacy.

5. (SBU) Reportedly one of Bulgaria's richest businessmen, with an estimated wealth of around \$500 million, Kyulev is also known for his political connections. He was among the major sponsors of Simeon Saxe-Coburg Gotha's party for the 2001 elections, which restored the ex-king to power as Prime Minister. According to unconfirmed reports, in 2005 Kyulev directed his financial assistance towards the Socialist Party, which won the biggest number of seats in parliament in the June general vote. Kyulev was also economic advisor to President Georgi Purvanov and is said to have funded his November 2001 presidential campaign. Purvanov cancelled his scheduled trip to the northeastern Bulgaria and returned to Sofia following the news of Kyulev's death.

6. (SBU) COMMENT: The latest high-profile attack follows closely a number of other assassinations in recent months, including the October 10 killing of a high-ranking Customs official Shinka Manova. At least 23 people have been killed in organized crime related assaults since the beginning of the year. However, unlike the other businessmen and organized crime figures who have fallen victim to gangland-style shootings, Kyulev's reputation associated him primarily with white-collar crime. Kyulev's assassination is a significant event on par with Iliya Pavlov's killing in March 2003. The timing of the killing further underscores Bulgaria's inaction against organized crime, and is being viewed by many today as a national embarrassment. END COMMENT

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